

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016 / 2017 SESSION

DEC5038 – ENTREPRENEURSHIP

(For Diploma Students Only)

20 OCTOBER 2016

2.30 p.m - 4.30 p.m

(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **11** pages with 3 sections.
2. For section A and B, shade your answers in the OMR sheet provided.
3. For section C, write your answers in the answer booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (each question carries 1 mark).
Answers for this section should be shaded on the OMR sheet provided.

1. The ability to develop new ideas and to discover new ways of looking at problems and opportunities is called _____.
 - A. entrepreneurship
 - B. innovation
 - C. creativity
 - D. creative thinking
2. Which hemisphere of the brain is responsible for analysing and evaluating multiple ideas?
 - A. Right hemisphere.
 - B. Left hemisphere.
 - C. Lateral hemisphere.
 - D. Intuitive hemisphere.
3. The technique of _____ uses three columns that allow the entrepreneur to weigh both the advantages and the disadvantages of a particular decision and work to maximise the variables that support it while minimising those that work against it.
 - A. force-field analysis
 - B. TRIZ
 - C. brainstorming
 - D. mind mapping
4. At which stage of the creative process does a spontaneous breakthrough occur, where you may suddenly have the solution?
 - A. Implementation
 - B. Preparation
 - C. Illumination
 - D. Verification
5. The second essential purpose for creating a business plan is _____.
 - A. to guide the operation of the company by charting its future course and devising a strategy for following it
 - B. to attract lenders and investors
 - C. to attract potential managers and employees to run the new venture
 - D. to attract potential suppliers and distributors

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6. Muthu is the owner of the Main Street Café and a new restaurant opens a few blocks away. From Muthu's perspective, this new restaurant constitutes a(n) _____.
- A. strength
 - B. weakness
 - C. threat
 - D. opportunity
7. _____ involves developing a game plan to guide a company as it strives to accomplish its mission, goals, and objectives to keep it on its desired course.
- A. Competitive advantage
 - B. Mission
 - C. Strategic management
 - D. Market segmentation
8. _____ are positive internal factors that contribute toward accomplishing the company's mission, goals, and objectives, while _____ are negative internal factors that inhibit the accomplishment of a firm's mission, goals, and objectives.
- A. Strengths; weaknesses
 - B. Weaknesses; strengths
 - C. Opportunities; threats
 - D. Threats; opportunities
9. A(n) _____ is the process of examining a need in the market, developing a solution for that need, and determining the entrepreneur's ability to successfully turn the idea into a business.
- A. business plan
 - B. strategic analysis
 - C. idea assessment
 - D. feasibility analysis
10. Porter's five forces model assesses industry attractiveness by surveying these five factors _____.
- A. potential entrants, suppliers, buyers, substitutes, and rivalry among existing firms
 - B. potential entrants, suppliers, buyers, similar products, and rivalry among existing firms
 - C. potential entrants, suppliers, raw materials, substitutes, and rivalry among existing firms
 - D. potential entrants, competitors, buyers, substitutes, and rivalry among existing firms

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11. Prototypes usually point out potential problems in a product's _____.
- A. price
 - B. marketing
 - C. design
 - D. color
12. The Internet is an example of _____ force.
- A. economic
 - B. demographic
 - C. technological
 - D. sociocultural
13. Advantages to buying an existing business that you do not have with a startup include _____.
- A. greater access to venture capital
 - B. the opportunity to participate in a national advertising campaign
 - C. inventory is in place and trade credit is established
 - D. easy implementation of innovations and changes from past policies
14. When evaluating the assets of an existing business, the inventory _____.
- A. is always current and salable
 - B. usually appreciates over time, making the business a bargain
 - C. should be judged on the basis of its market value, not its book value
 - D. is usually stated honestly and does not need an independent audit
15. The first step an entrepreneur should take when buying an existing business is to _____.
- A. explore financing options
 - B. prepare a list of potential candidates
 - C. contact existing business owners in the area and ask if their companies are for sale
 - D. analyse his or her skills, abilities, and interests in an honest self-audit
16. All of the following are the important factors to investigate regarding the business to be purchased **EXCEPT** _____.
- A. assessing the physical assets of the business
 - B. reviewing accounts receivable and business records
 - C. randomly pick the potential candidates
 - D. reviewing contractual arrangements and assessing intangible assets

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17. A method of franchising that gives the right to create a semi-independent organisation in a particular territory is a _____ franchise.
- A. conversion
 - B. master
 - C. product distribution
 - D. area development
18. The principle of putting a franchise's products or services directly in the paths of potential customers with smaller, less expensive outlets is called _____.
- A. cobranding
 - B. intercept marketing
 - C. area development
 - D. master franchise
19. A franchise trend in which owners of independent businesses become franchisees to gain the advantage of name recognition is called _____.
- A. area development
 - B. master franchise
 - C. conversion franchising
 - D. cobranding
20. In a _____, a franchisee has the right to create a semi-independent organisation in a particular territory to recruit, sell, and support other franchisees.
- A. multiple-unit franchise
 - B. master franchise
 - C. conversion franchise
 - D. cobranding franchise
21. _____ is the process of creating and delivering desired goods and services to customers and involves all of the activities associated with winning and retaining loyal customers.
- A. Marketing
 - B. Personal selling
 - C. Promotion
 - D. Customer service

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22. Warren Cassell, owner of Just Books, a very small book store, makes special orders for customers at no extra charge, provides free gift-wrapping, conducts out-of-print book searches, offers autographed copies of books, hosts "Meet the Author" breakfasts, and publishes a newsletter for book lovers. By offering his customers lots of "extras" they do not get at larger bookstores, Cassell has won a growing base of loyal customers. Cassell is relying on which marketing strategy?
- A. Demographic marketing
 - B. Transaction selling
 - C. Individualised marketing
 - D. Bootstrap marketing
23. A key customer benefit of a product or service that sets it apart from the competition answers the critical questions every customer asks: "What's in it for me?" and is known as _____.
- A. its brand identity
 - B. the unique selling proposition (USP)
 - C. total quality management (TQM)
 - D. branding
24. The philosophy of producing a high-quality product or service and achieving quality in every aspect of the business and its relationship with the customer, with a focus on continuous improvement in the quality delivered to customers is _____.
- A. total quality management (TQM)
 - B. time compression management (TCM)
 - C. bootstrap marketing
 - D. customer experience management (CEM)
25. All of the following represent benefits of selling on the Web **EXCEPT** _____.
- A. opportunity to increase revenues
 - B. power to educate and inform
 - C. ability to remain open 24 hours a day
 - D. possibility of payment fraud
26. Entrepreneurs should make sure they do not fall victim to any of the e-commerce myths. Which of the following is **NOT** an e-commerce myth?
- A. Setting up a business on the Web is easy and inexpensive.
 - B. If I launch a site, customers will flock to it.
 - C. Making money on the Web is easy.
 - D. Privacy and site security is an important issue on the Web.

Continued...

27. The _____ while downloading a Web page is one of the most important determinants of its sales effectiveness.
- A. visual stimuli
 - B. "flash and show"
 - C. memory required
 - D. time required
28. Customers will typically welcome well-constructed permission e-mail that directs them to company sites for information or special deals, unlike unsolicited and universally despised e-mail known as _____.
- A. spam
 - B. electronic flyers
 - C. voice mail
 - D. clipboards
29. Setting prices for products and services requires entrepreneurs to balance a multitude of complex forces as entrepreneurs determine prices for their goods and services that will draw customers and _____.
- A. position prices lower than all competitors
 - B. produce a profit
 - C. effectively compete with online alternatives
 - D. have high volume/high margin sales
30. One of the most important determinants of customers' response to a price is whether they perceive the price to be a fair exchange _____.
- A. compared to what they have paid in the past
 - B. regardless of their actual experience with the product
 - C. based on their expectation, not reality
 - D. for the value they receive from the product or service
31. A pricing technique that sets different prices on the same products and services for different customers using the information that a company collects about its customers is called _____.
- A. market penetration
 - B. customised or dynamic pricing
 - C. predatory pricing
 - D. price skimming

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32. A pricing technique that sets prices that always end in numbers like "99" for prices such as RM9.99 and RM19.99 is an example of _____ pricing.
- A. odd
 - B. price
 - C. customised
 - D. zone
33. The primary advantage of equity capital is _____.
- A. its lower interest rate
 - B. that it is readily available to a large number of entrepreneurs from a variety of lenders
 - C. that it does not have to be repaid like a loan does
 - D. that it does not appear on a company's balance sheet
34. A method of raising capital that taps the power of social networking and allows entrepreneurs to post their elevator pitches and proposed investment terms on specialised Web sites and raise money from ordinary people who invest as little as RM100 is called _____.
- A. crowd funding
 - B. angel financing
 - C. venture capital
 - D. bootstrapping
35. A(n) _____ is when a company raises capital by selling shares of its stock to the general public for the first time.
- A. venture capital offering
 - B. partnership
 - C. debt equity arrangement
 - D. initial public offering
36. A bank loan that imposes restrictions or covenants on the business decisions an entrepreneur makes concerning the company's operations is called _____.
- A. home equity loan
 - B. floor planning
 - C. term loan
 - D. line of credit

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37. A quota is _____.
- A. a duty or tax that a government puts on products that are imported into the country
 - B. the maximum amount of a product that can be imported into a country
 - C. a prohibition or suspension of foreign trade of specific imports or exports
 - D. a law that a government uses to regulate products that are imported into the country
38. _____ act as international sales representatives in a limited number of markets for various noncompeting domestic companies, typically operating on a commission basis.
- A. Manufacturers' export agents
 - B. Export merchants
 - C. Resident buying offices
 - D. Foreign distributors
39. If a business owner cannot afford to invest in foreign facilities and does not have time to learn the foreign market, but is willing to give someone else the right to make and market her/his product for a fee and royalties, her/his best bet for entering the foreign market is _____.
- A. a foreign management company
 - B. joint venturing
 - C. foreign licensing
 - D. international franchising
40. _____ is the practice of selling substantial quantities of a product in a foreign market at prices that are below either the home-market price or below the full cost of producing it.
- A. Exporting
 - B. Bartering
 - C. Dumping
 - D. Price discrimination

[TOTAL 40 MARKS]

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SECTION B: TRUE/FALSE QUESTIONS (each question carries 1 mark).**Answers for this section should be shaded on the OMR sheet provided.****Shade "A" for the TRUE statement and "B" for the FALSE statement.**

41. Copyright refers to the exclusive right that protects the creators of original works of authorship such as literary, dramatic, musical, and artistic works.
42. The ideal business plan should be at least 100 pages long to prove to potential lenders and investors that the entrepreneur has studied the business and the market opportunity sufficiently.
43. Generally, an industry is more attractive when the opportunity to sell a differentiated product or service is absent.
44. With an existing business, the new owner can depend on employees to help him make money while he is learning the business.
45. Before entering a franchise contract, a potential investor should ask, "What can a franchise do for me that I cannot do for myself?"
46. Because they lack the size and financial resources of their larger competitors, small companies are powerless when it comes to developing effective marketing strategies.
47. E-commerce is replacing traditional retailing.
48. High prices frequently convey the idea of quality, prestige, and uniqueness to customers.
49. Capital is any form of wealth employed to produce more wealth.
50. One reason joint ventures fail is because entrepreneurs did not select a partner who shares their company's values and standards of conduct.

[TOTAL 10 MARKS]

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SECTION C: STRUCTURED QUESTIONS.**QUESTION 1**

“Around the world, growing numbers of people are realising their dreams of owning and operating their own businesses”.

- (a) Define entrepreneurship. (1 mark)
- (b) Provide any **THREE (3)** basic characteristics of entrepreneurs. (3 marks)
- (c) (i) Identify any **THREE (3)** benefits of entrepreneurship. (3 marks)
(ii) List any **THREE (3)** drawbacks of entrepreneurship. (3 marks)

QUESTION 2

Your friend is very excited to start a new business but he is not sure of what to include in his business plan. You have been asked to recommend the **ELEVEN (11)** key elements that he could include in his business plan.

(11 marks)

QUESTION 3

“Once an entrepreneur makes the decision to launch a business, one of the first issues he or she faces is choosing a form of ownership”.

- a) Explain the **FOUR (4)** major types of business vehicles. (8 marks)
- b) What is the “key” of choosing the right form of business ownership? (2 marks)

QUESTION 4

“Franchising is built on an ongoing relationship between a franchisor and a franchisee”.

- a) Define franchising. (2 marks)
- b) List any **FOUR (4)** factors that make a franchise appealing. (4 marks)
- c) List any **FOUR (4)** myths of franchising. (4 marks)

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QUESTION 5**The Need for a Plan**

Andy has spent more than ten years in the human resources department of a large management consulting company. During his tenure, he was often put in charge of training new recruits, where he arranged for various company managers to address the recruits and teach them skills important in the workplace. What Andy had noticed was the one skill that was often the hardest to teach involved problem identification and problem solving. Even the best recruits from well-known universities found it hard to assess a situation to determine what the problem was and how to develop solutions for it. In his heart, Andy was an entrepreneur and he was dying to quit his corporate job and be his own boss. He was convinced there was a business opportunity in developing an interactive, online problem identification and problem solving tool.

Andy's idea, which he titled "Nested Learning," involved software that included a screen where a scenario was presented to the user and the user was asked to first identify the problem and then develop solutions for it. What was unique about "Nested Learning" was that the initial scenario was specifically written so as not to be sufficient enough to generate a problem. In other words, the user (or the trainee) had to ask the software questions that would be responded with additional facts about the situation. Andy argued that problem solvers do not get all the facts handed to them at the very beginning and that they had to "tease" more out of the situation to identify the problem.

Andy's idea was to develop a prototype of the software with a small number of generic scenarios. He then hoped to meet with training managers of different companies and "sell" them the idea of using "Nested Learning" as a better training tool. Once a client agreed to use it, Andy would then work with the client to develop client-specific scenarios.

Source: 2016 Pearson Education, Inc

- a) Define value proposition. (2 marks)
- b) (i) Define the value proposition of "Nested Learning"? (2 marks)
(ii) Is "Nested Learning" compelling? Justify your answer. (2 marks)
- c) How important is a prototype for Andy to succeed with his "Nested Learning"? Justify your answer. (3 marks)

[TOTAL 50 MARKS]

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